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THE PROPER FUNCTION OF THE STATE BUDGET

BY S. GALE LOWRIE,

Professor of Political Science, University of Cincinnati.

The history of the development of representative government is the record of a struggle for popular control of the public purse. There is no principle upon which our political institutions are more firmly based than that the public finances, both with respect to the raising of revenues and the expenditure of state funds, should be regulated by those upon whom levies are to be made. The great land-marks of our constitutional history, the Magna Charta, the Model Parliament, the Declaration of Independence, the formation of the Union—all had their inception in the desire for a reform in fiscal management. No nation has made a more constant effort than have we to escape the perils of bureaucracy and to keep representative the offices charged with the management of the affairs of government, particularly those involving expenditures. Nevertheless, we stand almost alone among modern governments in that neither our federal government, nor any state, has as yet installed the most necessary device for regulating our public expenditures,—a modern budget system. With the tremendous growth in the cost of government, which the past decade has witnessed, caused chiefly by the ever widening scope of our governmental activity, there has been no little alarm because of the increased demand for revenues. Most of our states have begun to take serious thought of the need for new budgetary methods and we have ventured to hope that an adequate fiscal system may be installed in our federal government. Though attention has been drawn to the desirability of this reform and several states have proposed changes, looking toward a better control over public grants, no wholly adequate method has yet been adopted. In fact we have hardly begun to think clearly enough on the subject to know what may and what may not be accomplished through an adequate budget plan, or to know just what sort of a budget plan is desirable.

The budget is the fiscal plan of the government. It embraces an estimate of the receipts which are expected during the period

under consideration and of the expense of carrying out the program of work contemplated. A most essential feature of any budget is a budget balance—a close correlation between the state's receipts and disbursements. Should the revenues of the government exceed the authorized expenditures, a surplus will accumulate in the public treasury which not only represents an economic loss in taking funds needlessly from commercial channels, but which, as the experience of our federal government particularly has shown, invites extravagance upon the part of succeeding legislative assemblies. On the other hand, should the income of the state prove inadequate for the program adopted, the governmental functions must be interrupted and grants authorized be denied, or the services must be carried on through borrowings which must be repaid with interest at some future time. To establish a proper balance between estimated receipts and disbursements requires the most intelligent planning by persons possessed of the fullest information of the fiscal affairs of the state. It is no slight evidence of the skill with which the British budget is prepared that in normal times, the discrepancy between actual receipts and disbursements seldom exceeds $1\frac{1}{2}$ per cent. Not only must a balance be established between income and expenditure but a most careful scrutiny must be made of the work to be undertaken to see that the available funds are distributed wisely among the various state services. This can be accomplished only where the planning body has an intelligent understanding of the many phases of the state's activity and a definite program in view.

The first essential of any adequate budget plan is the preparation of estimates. This is a highly technical duty and must be performed by those most familiar with the facts. For this reason the best qualified officer to estimate the receipts is the auditor or other person whose duties give him the fullest information respecting state funds. The proper officers to prepare estimates of needed appropriations are the department chiefs. They are the government's experts in their respective fields. They have the most intimate knowledge of the work in their charge and of the appropriations needed for their proper development. Consequently every modern budget plan is based upon departmental estimates of funds required, together with the estimates of anticipated income from the official who best knows what the state will probably receive.

The accumulation of these data, however, is but the commencement in the preparation of the state budget. From these recitals of departmental requests, a state-wide plan must be evolved, wherein one need is weighed against another, and the entire scheme of expenditure compared with the plan for raising revenues, so that a well-rounded program may result.

There has been some difference of opinion as to what officer or body should receive the departmental estimates and prepare the state budget. Some have considered it a duty which should be performed by the chief fiscal officer, the auditor. Others have thought it to be the function of the chief executive, while still others hold that a committee, upon which these officers and members of the legislature are represented, should discharge this service. There is little doubt, however, in the minds of those who have given the matter most serious consideration, but that the chief executive is the proper officer for this task. The budget embodies the government's fiscal policy. It is a definite proposal for legislative action. It must be prepared by one thoroughly familiar with the government's plan of activity, and familiar with the needs of the state in its various branches. None other than the chief administrative officer possesses the information necessary for the construction of a proper plan, nor is any other official or body commissioned to propose legislative policies. Consequently, one can scarcely question that it is the duty of the Governor in our states, and of the President in our federal government to execute this task. But while it has become an established practice in our cities for the Mayor to propose the municipal budget, the practice has not as yet been followed in our state or federal governments. The requirement that the Governor prepare and transmit a budget is one of the most excellent features of the proposed constitution for the state of New York. It is made the function of the Governor of Ohio by statute, but as yet fear of usurping a legislative prerogative has prevented the executive of this state from properly discharging this duty.

But, however wisely and carefully the budget may be prepared, unless it is received by the legislative assembly in a spirit of coöperation, little good can result. The appropriating body may disregard the expert estimates submitted to it and proceed on its own motion to prepare a statement of what it believes to be the departmental needs. This practice is followed in France and is the cause of much

of the difficulty experienced with the system of appropriations of that country. Or the state budget, instead of being considered in its entirety as a great plan for the whole government, may be separated into parts and referred to distinct committees. This is the practice in our federal congress, where in the lower house alone, appropriation bills are considered by eight different committees. It is also a vice of the French system. Whether the legislative body be unicameral or bicameral, whether it sit as a committee of the whole or act through sub-committees, it is essential for any well-rounded plan that all phases be considered together. No intelligent plan embracing the entire state can be formulated or approved unless all the anticipated receipts and all the contemplated expenditures are viewed at the same time by the joint legislative assembly, or by a single joint committee.

The practice which has been followed in our federal government, and in our states, has signally failed because the most essential feature of state-wide planning has been lacking. It has been assumed that it is the function of the legislative assembly to propose the appropriation measures. In some way, it has been thought that this method assured a control of expenditure more in keeping with popular desire and that a check on the extravagance of administrative officials might thus be maintained. But our experience with the plan of legislative initiation has not been a happy one. The reason is simple—the preparation of the budget requires a minute insight into the affairs of the state departments, which the legislature does not have, and a skill in planning for the development of these agencies which the members can not easily acquire. By its very form, the legislature must be an approving, rather than an initiating body. Initiation must be an individual act. To require legislative initiation is to demand that some delegated member propose a plan for approval, and no member of the legislative assembly, with the machinery at his disposal and with his limited experience, can prepare a proper fiscal program.

The first step then in the making of a budget is the formation and submission of a plan by the executive for the support of the state service for the fiscal period. This is effected by the transmission of estimates prepared by the various departments and so adjusted as to make a harmonious plan for the whole state. The second step is the criticism and approval of these plans by the

appropriating body, keeping in mind always the resources and the entire demands to be met by the public treasury. The third step is the passage of the appropriation act, which is the authorization of the legislative body to spend. When this has been granted, the evolution of the budget is nearly completed. There remains but the function of the auditor in determining that the actual expenditures have been used for services authorized by the legislature.

One of the reasons we have made so little progress in budgetary matters in this country is that we have not had a clear idea of what a budget system really involves and just what we may reasonably expect to accomplish through its use. In fact the question might well be raised as to whether we have not done more to promote ignorant, corrupt and inefficient government through the adoption of ill-devised appropriation systems than to establish economical and intelligent government by the adoption of rational methods of granting funds. It is therefore as important to note what a proper budget plan should not include, as to mark its chief essentials.

An appropriating law which specifies in great detail the purposes for which allotted funds may be used, does not, by virtue of this feature, become a budget system; nor does the incorporation into the appropriation bill of restrictions as to the use of funds make a state budget; nor the inclusion of provisions that grants are to be available but for one year produce this magic device for efficiency, though many administrations have boasted the installation of a modern budget system because of the inclusion of one or more of these most undesirable elements. A budget is an orderly arrangement of data embodying the estimated needs of governmental services for the fiscal period, accompanied by a request, preferably in the form of a bill, for authorization to spend public funds in accordance with the plan set forth. A proper budget contains all the information which the legislature can use in order to enable it to come to a proper understanding of the government's needs. The departmental estimates revised by the submitting authority to fit the requirements of the state-wide plan, records of previous costs for like services and such other data as will justify the requests will all be contained in these documents. The appropriation law is not the budget, but is the authorization to spend granted by the legis-

lative authority after a perusal of the information contained in the budget.

A common difficulty found in our appropriating systems as they are operated in our American states arises from the fact that too many things are expected of the appropriation law. Not only does the legislature attempt in this act to present a plan of work for the administrative departments, but to correct payroll abuses, prevent improper purchases, provide a reporting system and what is thought to be a more efficient organization of administrative departments. All this is attempted by conditioning the grants so that funds are available but for certain purposes which are specified in considerable detail. To take an illustration from the last general appropriation law of the State of Ohio, we read:

DEPARTMENT OF PUBLIC INSTRUCTION

*Personal Service:

A 1. Salaries—

Superintendent	\$4,000.00
Assistant superintendent	2,500.00
2 high school inspectors	4,000.00
6 high school inspectors half time	6,000.00
Chief clerk	1,750.00
Examination clerk	1,800.00
2 stenographers	1,440.00
Filing clerk	900.00
Statistician	1,500.00
Messenger and shipping clerk	840.00
88 county superintendents	85,000.00
450 district superintendents	270,000.00
72 normal school supervisors	72,000.00
Total	<hr/> \$451,730.00

*106 Ohio Laws (1915), 699.

Such detail can contribute nothing but confusion when inserted in an appropriation law. It substitutes for expert services comparative ignorance in the organization of departments. The state's experts in their respective fields are the heads of the departments. They are the ones best fitted to judge of the machinery necessary for their work. Certainly the members of the legislature who sit through but a short session, and are comparatively unacquainted with the duties of the departments, can not safely be

trusted to provide an organization for accomplishing the needed work. The assembly can decide what funds are available for the department or service, it can decide what functions it considers of greatest importance, but it is in no position to determine whether fewer inspectors or more equipment are required. This is an administrative, not a legislative, question, and can not be properly solved by a legislative body.

The itemizing of the appropriation law is productive of many difficulties: (a) It divides responsibility. The head of a department should alone be accountable for the economical and efficient conduct of the affairs of his office. Within the appropriation allowed him, he should perform the duties required by law to the best of his ability. He can do this only when he has free rein in the organization of his force for the work it must do; (b) It does not properly care for emergencies. Our state legislatures do not follow the practice of meeting at frequent intervals. The appropriation bills once passed must stand for one or two years just as they are made. No matter how skillfully the estimates may be prepared, unlooked for developments are certain to make some adjustments desirable. But a detailed appropriation law contemplates no such contingency. When difficulties arise funds must be forthcoming from some central contingent account or the state service must suffer because an important function is neglected. In Ohio, the detail with which appropriation laws have been made has required a frequent resort to the contingent fund. Services denied adequate support by the legislature have sometimes been given grants in this way; (c) It produces extravagance. When a saving in one service can be utilized for another purpose, an incentive to economy is provided. When funds must be expended lest balances lapse, there is little motive for economy. But the greatest danger is that an inadequate appropriation will force a department to discontinue an important service. A plan which allows administrative officers to use the funds allotted them with but slight legislative restraint through the appropriation law, but which requires careful planning by the department and a compliance with that plan, is in the long run the most economical.

A reason frequently urged for the insertion of detail in appropriation laws, is that it is necessary to prevent deception on the part of administrative officers. It is apprehended that funds may be

secured from the legislature by urging the needs for one service, but that the grants when allowed may be diverted for other purposes. It has been this practice which has done more than any other to fasten a system of detailed appropriations in our fiscal system.

Were it necessary to rely wholly upon the appropriation law to control administrative officers, the argument for detail in appropriation might rest on firmer ground. But it is one of the poorest methods that could be devised for this purpose, because this gives legislative control of what is essentially an administrative function. The best budgetary plans we have in this country are found in connection with private businesses, but who knows of a successful corporation which employs expert administrators and so hedges about their movements that their skill can not be used to advantage? Our cities furnish our most perfect examples of public budget systems, yet the best models of appropriation ordinances, as found in such cities as New York, Philadelphia, Cincinnati and Dayton, contain no such detail. Reliance is placed rather upon other agencies designed through administrative guidance to effect these economies. The question of the best organization of departments can better be settled through an efficiency bureau coöperating with a civil service commission. A properly conducted purchasing department will check abuses in the purchase of supplies and utensils; and the budget itself rather than the appropriation law is the proper place to exhibit the government's plan.

When the legislature has determined what the state can afford to expend for a given service, the question of planning the most economical use of these funds to accomplish the work which the legislature wishes performed, can best be done by administrative officers. Administrative officers should be required to submit a working program showing with considerable detail how they propose to employ appropriations granted, nor should expenditures be approved for purposes not on this sanctioned program. In case of emergency, it should be possible for the administrative officers to amend their program, if they can show that the funds at their disposal can under new circumstances which have arisen be used to greater advantage in a different way. Administrative safeguards should, however, be thrown about such changes to insure the continued use of these grants within the general purpose of their allotment. Such a plan will encourage rather than prevent

the use of expert planning for the most judicious expenditure of public funds and locate responsibility upon administrative officers for the wise use of appropriations.

Such a budget system will provide in the first place for proper planning; a planning which for each department will provide a program and, when departmental estimates are assembled, will present for the state as a whole a comprehensive outline for the year's work. It will show a correlation between revenue and expenditure and the amount it is proposed to use for one service in comparison with the sums available for other purposes. It will be a plan made out and approved by the state's experts, those who have had experience in the actual administration of the state's affairs and are most familiar with the public needs. Secondly, such a budget system will give the legislature and the general public full information as to the fiscal affairs of the state and will be a means whereby the administrative officers may be called upon to justify their administrative acts and give an account of their stewardship. Plans for the coming year must be presented and approved and submitted to the closest public scrutiny.

It centers responsibility because the administrative officials who must carry out the plan are charged with its preparation. The working plan is one prepared by the responsible administrative official, not by a legislative committee which has nothing to do with carrying out the functions for which funds are provided and may be in ignorance of the machinery most needed for this work. It provides for emergencies. A detailed appropriation law restricts closely the use of funds for a period, sometimes thirty months after the law is passed. It is difficult for even the most skilled administrative officers to plan with such accuracy for so long a period. With new state services, certain planning is impossible. A proper budget system allows a change in the detailed use of funds to meet emergencies as they arise without changing the purpose for which the legislature has allowed the grant. Such a budget system does not allow the legislature to do administrative work, such as providing for the organization of departments, the amount of supplies or material, or specifying kinds to be utilized. It establishes the legislature as a body of approval, rather than of initiation, which determines governmental policies, rather than engages in the work of carrying them out.

The proper budget plan should provide for the established services of the state. The appropriation law should not be utilized for reorganization purposes. When the legislature has established a service or organized a department by the passage of a law through the action of both houses of the legislature and the approval of the executive, such a service should be maintained as long as it is the law. It should not be competent for the executive or one branch of the legislature to destroy the service by failure to provide for its proper maintenance. But an appropriation system which requires the concerted action of the Governor and each house of the legislature at each session to maintain state services is faulty, in that it places the most important legislative functions under the control of any group which can influence the Governor or can control a majority in either house, or in states which require a two-thirds vote on appropriation laws, more than one-third of the membership of either house. Under such a system, the Governor of Wisconsin could have re-organized the state services by the abolishment of the Legislative Reference Bureau, which has done such valuable work in that state. But that this was not the will of the people of the state or their representatives is indicated by the fact that this proposal received the support of but eight of the one hundred and thirty-three members of the two houses. Yet under the system of annual appropriations, where the Governor proposes the budget and the legislature may not provide for services he neglects, or under the plan in vogue in many states with annual appropriations where the Governor may veto items, this department would have been entirely abolished. The plan of annual appropriations places the presumption upon the discontinuance of services, rather than upon their maintenance, but when the regularly constituted law-making authorities create departments, or allot functions, it is reasonable to suppose that it is the popular will that these services be adequately cared for until the law is changed. To carry out such a plan, however, a system permitting continuing appropriations is essential.

Probably the greatest evil resulting from the periodical appropriation plan has not been the abolishing of state departments or services, but the political control which is exercised over them by the threat of such action. There are in our state services many departments designed to be independent of the legislature or the chief executive. The judiciary is supposed to be such an independ-

ent branch. Frequently the controller is chosen by election in order that his actions may be free from executive restraint. Other devices are installed to free semi-judicial and administrative departments from executive dominance. We create bi-partisan or non-partisan boards, provide that the terms of their members shall expire at different times, in order that no administrative officer shall control these departments by virtue of his appointments. It is customary to organize civil service commissions, public utility commissions, public health boards and boards for the control of the state institutions in this way. However, the independence which we wish these departments to exercise is lost in a system where the favor of the chief executive or of a faction strong enough to control one legislative branch must be cultivated. In fact the most insidious form of corruption is found under such a system, because it is so little understood, and influence can be exerted of which the public is ignorant. The virility of the departments given police functions is taken away, because these agencies are afraid to make enemies lest the limited funds placed at their disposal weaken them to such an extent that their usefulness will pass and the justification for their continuance be lost. A public service commission fears to incur the enmity of the railroads or public utility corporations which usually maintain lobbies in our legislative halls strong enough to jeopardize the appropriation upon which the commission is dependent. In a similar way, the activities of agricultural commissions or organizations charged with the enforcement of pure food laws, or departments having other phases of public health work to do, must be shaped so as not to incur the ill-will of those who may be in a position to retaliate through the use of their influence with the executive or the legislature. We have constantly endeavored to keep our universities and larger public institutions of the state "out of politics," but when these institutions must fight for their lives at every session, they are forced into politics in order to maintain themselves. Yet the appropriation systems of many of our states require annual or biennial grants and two-thirds of them attach to this plan the power of the Governor to veto items in appropriation bills, which power ex-President Taft, with his general knowledge of political agencies, thinks "might be made an instrument of very considerable influence."

A system of annual appropriations is faulty again, in that it

does not permit planning over a period of years. The ordinary budget calls for a plan for one or two years. We are learning slowly in this country that great political organizations require, as do great industrial organizations, careful planning over a long period of years. We are awakening to this fact in our cities and are providing for city planning commissions. Every one familiar with the practices of industrial corporations knows that improvements are considered and held in mind forming a program covering a number of years. The expense of administering our large public institutions and the wastefulness due to what appears to be short-sighted policies can be largely attributed to this lack of planning. Consequently an adequate appropriation system must allow those in charge of these institutions to know with some certainty what funds will be available in the near future for the development of contemplated projects.

The objections which are most frequently raised to a system of permanent appropriations are that the permanent appropriations are not taken into consideration when the legislature considers the immediate appropriations of the state, and that appropriations established by permanent laws are too difficult to change. The first objection arises because of the popular error of confusing the appropriation law with the budget, and trying to use this statute as a fiscal plan. The error of such a method has already been pointed out. When the fiscal plan is presented as it should be through the budget documents, no difficulty can be found in noting in this plan what appropriations are already provided for and what still require legislative sanction in order to put the program of expenditures into effect, or where amendments to the permanent appropriation statutes are required. The difficulty of change is more a virtue than a fault, and it is not unreasonable to assume that when the legislature and executive have been convinced of the uselessness of further appropriations, the law authorizing the grant may be amended or repealed as easily as it was enacted in the first instance. Certainly the presumption should be that a state service created by law should be maintained until the law is changed. It should not be competent for any body with less authority than the legislature to nullify the law by refusing appropriations.

This is not a unique or untried plan which is advocated. It obtains in many of our states, it is followed for some appropriations

of the federal government and is to be found in certain services provided for by that model of modern budgetary systems, the British budget. The British budget has a number of items, which are permanent charges upon the consolidated fund, and annual grants by parliament are not required. Among such services, we find the interest and sinking fund of the national debt, and salaries and pensions of judges. The existence of such a system in Wisconsin has contributed as largely as any factor in making that state a model of administrative government. The Wisconsin Railway Commission could not have done its effective work had it been subject at each session to the control of those who constitute a minority among the people in the state, but who were frequently powerful enough to control one house of the legislature, or who have been supported by the Governor. Except for the system of permanent appropriations this Commission would many times during the comparatively few years since its creation have been abolished or rendered powerless to perform its functions. The University of Wisconsin could not have maintained its enviable position were it dependent upon annual grants; and the service, which it has so admirably rendered to that state, as well as to the entire country, would have been greatly curtailed. Examples of the evils of the annual appropriation system occur to every one who has been at all familiar with legislative practices in states following this method. We can scarcely expect strong and independent administrative organizations until we can provide some method for supporting them, which will guarantee their maintenance as long as the people of the state are in sympathy with their work.

It is unfortunate that the new constitution of the state of New York, while providing so acceptably for the submission of an executive budget, denies the legislature the right to appropriate funds for a period longer than fifteen months, and gives the Governor so complete control over the actual shaping of the appropriation measure. When such power is centered in one official, a system of permanent appropriations for established services is even more essential to prevent the chief executive from assuming legislative prerogatives through his control over public grants.

In our attempts to better our state government, we have been prone to apply the lessons we have learned in the government of cities. This is a very natural and in many respects a commendable

practice, because the municipalities of this country are far in the van in the crusade for efficient government. They are almost alone among our public bodies in being provided with budget systems, central purchasing agencies, standardizing bureaus and similar devices designed to secure a better government at less cost. But when institutions which have proved effective in cities are imitated in the state, it is important that differences between city and state governments be noted. The constituency of the city administration being much more contiguous than that of the state, can more easily inform itself of the actions of the executive and legislative officials and pass an intelligent judgment upon them. These public servants become more responsive to public opinion because public opinion is more definite and ascertainable. Opportunity for conferences between citizens and officers is greater and adjustments more easily made. The city council meets frequently, usually weekly and can be summoned for extra sessions within forty-eight hours with little additional expense. In most of our states the state legislature meets but once in two years and adjournment is usually taken after a short session for a two month period. Special sessions are inconvenient and expensive. The legislative body of an American city is with few exceptions unicameral and though this form has been considered for our state governments, it has as yet been nowhere adopted.

But what is possibly a more important distinction between state and municipal government lies in the widely different powers which the legislative departments of these governmental units possess. The legislature of a state is concerned, perhaps chiefly, with the enactment of laws affecting the rights of individuals in their relations with each other, or with the state. Secondly, it possesses the power, within the restrictions of the constitution, of organizing the administrative departments of the state and establishing machinery for the performance of governmental functions and determining what program of activity shall be followed. Thirdly, it provides for financing state services, decides by what method public funds shall be raised, how much is needed and the purposes for which the public money shall be used. The authority granted a city council, or other legislative organ of a municipality, is much more restricted. Its power to pass ordinances affecting personal rights is of too restricted a character to be comparable with the power lodged with a

state legislature and is chiefly administrative in character. The city council usually has relatively little to do with the administrative organization of the municipality. The only limitations on the state legislature are those found in the constitution; the city council is restricted by the city charter and by state laws. These latter with considerable more minuteness provide for the administrative organization of the city and confer powers and duties on these departments for which no action by the legislative authority of the municipality is required. Only state law, or, in most cases with home-rule charters, action by the people, can effect a change. When, therefore, an executive officer presents to the state legislature a budget, the body from which appropriations are asked is the one which can adopt policies changing completely the form of administrative organization or the functions of the departments, it can take away or add to their powers and duties. Until the extent of the change in administrative organization and functions is determined, accurate budget planning must wait. But with the preparation of the city's fiscal program such a difficulty is seldom confronted and budgetary procedure becomes far less complicated. Consequently, in endeavoring to shape systems of state organization from our municipal experience care must be taken that institutions be properly adapted.

The last administration in the state of Ohio came into power with an extensive program for legislation calling for administrative re-organization. The functions of many isolated departments dealing with agriculture were focused in a newly created agricultural commission. An industrial commission was organized to deal with affairs affecting primarily industrial relations. The Public Utility Commission was re-organized and given greater powers, and the Civil Service Commission was created pursuant to constitutional amendment. Even though his influence over the legislature was very great, the Governor was not entirely successful in prosecuting some of his original re-organization plans, and it was uncertain until the legislative days drew to a close just what form some of the administrative re-organization laws would take.

The present administration had an extensive program for re-organization. It wished to change the form of the Civil Service Commission, the Agricultural Commission and the Liquor License Commission. Yet the fate of the measure organizing this last Com-

mission was determined the last day of the session, and the re-organization plans for the other departments were pending until late. In Wisconsin, the Governor had plans for combining all educational institutions under a single board of education, and of radically changing the Tax Commission, yet he was unable to secure legislative approval of this program. It should not be competent for the Governor to force such a re-organization by his method of compiling the budget, nor should he be given such power over legislation as this control over appropriations accords him.

We have justified an increase in executive power, because we believe that in this way, we can locate responsibility, and that knowledge of this fact will deter officers from the commission of acts which will not meet with popular approval. We have admired the parliamentary system of government because it is "responsible." For every official act, censure or praise may be definitely located. But the responsibility of the British government goes farther than this. In case any act is contemplated by the British government, which it is thought may not meet with popular approval, the question is determined immediately by an election. Should it eventuate that the proposed action of the government is not supported by the people, this fact is at once apparent and the new government which results will shape its course on this very question in conformity with the popular will. The people are thus provided with machinery to prevent the government's action and so avoid the consequences of what it is believed will prove an unfortunate policy.

In our government, however, location of responsibility means fixing of blame. We cannot determine, except in some instances through the use of the referendum, what will be the popular judgment on any issue. We must wait until a periodic election presents opportunity for approval or censure of official acts. Then the judgment expressed is not a judgment formed upon any single issue, but an estimate of the actions of the executive of which we approve and of those which we censure. We form our judgment by determining the relative weight of these issues. Irreparable damage may have been done before the person "responsible" may be checked and the accounting to which he is subjected is usually limited to jeopardizing the chance of his reelection should he again stand as a candidate before the same constituency. A business organization could not operate under such a system. While it holds

its officers responsible, it does not give them power to administer corporate affairs in violation of the desires of the stockholders. A control is exercised in time to prevent abuses. Dependence is not placed on possible punishment for mistakes.

The development of most of our political institutions has come about by an adaptation of governmental devices which seem to operate elsewhere in an acceptable manner. But we should incorporate these innovations only after a careful study convinces us of their acceptability, and a close analysis of our own institutions proves them capable of being patterned after the model we admire. We cannot safely rely on temporary appropriations in this country even though that practice may be followed in certain countries which have responsible ministries. Nor can our officials be made responsible in that same sense until we make a rather complete change in our plan of government. But it is possible to install in our state and federal governments, systems which will perform adequately the proper functions of a modern budget without subjecting us to the dangers of such ill-advised reforms as have been noted.

There is no more important reform than the installation of an adequate budget system in our state governments. Only in this way can the affairs of government be conducted efficiently, economically and in a way to permit of an orderly development. That a budget system will prevent the constant increase in the cost of government, in accordance with a belief frequently expressed, few who observe the constantly expanding functions of government dare hope. It will, however, require that these developments be made in accordance with a well considered plan; a plan prepared by those most familiar with the government service and approved by the representatives of the people acting with full information and with the entire program of the state's needs in view. But these advantages will be secured at too dear a price if we confer initiative powers on our law-making bodies, or fail to protect the great institutions and services of our states from those who, representing a minority of the people, would seek to coerce them by controlling their funds. We must guard against these dangers while endeavoring to secure the advantages which may accrue through a reform in our fiscal plan. The proper function of the budget is not the reorganization of the state services, but the presentation and adoption of a plan in fiscal affairs which will insure the most judicious use of the resources of the state for the purposes most desired by the citizens of the state.